

Herald Scotland

Pub firm plans exit for shareholders

10 March 2015

A PUB investment company whose assets include popular bars in Glasgow and Edinburgh has revealed plans to seek an exit for its 150 investors.

The latest accounts for Thistle Pub Company III, whose portfolio includes Tartan Army haunt The Clockwork Beer Company near Hampden Park and country pub The Steading in Edinburgh, highlight the directors' intention to "create a valid exit for shareholders by the end of June 2016".

Thistle III, whose shareholders invested £7.5 million to acquire the company's seven freehold pubs, was set up under the Enterprise Investment Scheme (EIS) of 2006-07. Shareholders invested sums ranging from £10,000 to £200,000.

EIS schemes, which allow companies to raise capital while offering tax relief to investors, typically run for about five years.

Depressed pub values have meant Thistle III, which also owns the Dog House in Balloch and Dram, formerly Uisge Beatha, in Glasgow, has had a longer lifespan. But with Scotland back on the agenda for investors and pub companies further to the referendum, and signals that banks are more willing to lend, the directors have decided it is time to act.

Thistle III chairman Alan Stewart states in the company's latest accounts that he has relinquished other business interests in order to pursue the objective.

A 30-year veteran of the corporate finance scene in Scotland, Mr Stewart recently left his position as a natural resources and energy analyst at Cenkos Securities to focus on Thistle III and other non-executive directorships.

Mr Stewart said: "We are beginning to see the emergence of possible purchasers for the company's estate. At the moment their interest is at low valuation but both their existence and the desire of the banks to be more active in this sector is, to my mind, a reasonable sign that prices will improve over the next year.

"However we do not intend to take only a reactive position. We are already in discussion with a management team with a strong track record that may be motivated to build a business based on this company."

The board of Thistle III are understood to be open to selling the portfolio, or floating the business on the Alternative Investment Market. Mr Stewart said: "With the existing remit from shareholders, we will be running the pubs to best effect. If we find a suitable management team, and pubs to combine with, we could look to go to AIM, always subject to shareholder approval."

The move to pursue an exit for shareholders comes shortly after The Herald revealed the company is owed £330,000 from the collapsed Maclay Group pub company. It had run the Thistle III pubs under a management contract until January, when the contract was handed to LT Management Services.

The debts are alleged to stem from alleged accounting errors and activity on the part of Maclay.

However the decision to pursue an exit is not a direct consequence of claims, which are currently the subject of a range of actions by the company to seek redress.

The latest accounts for Thistle III show the company made a pre-tax profit of £254,231 in the year ended September 27, up from £167,764 the year before.

The profit increase was partly the result of the renegotiation of its management contract, which cut its administrative expenses by £127,413.

Turnover for the year narrowed slightly to £5.54m from £5.56m, which Mr Stewart described as a "reasonable performance" in light of the closure of two pubs for extended periods to allow interior refurbishments to be carried out.

Source: <http://www.heraldscotland.com/business/company-news/pub-firm-plans-exit-for-shareholders.120215973>